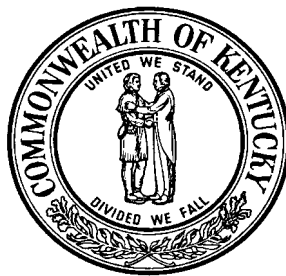


**REPORT OF THE AUDIT OF THE
SCOTT COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2008**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE SCOTT COUNTY FISCAL COURT

June 30, 2008

The Auditor of Public Accounts has completed the audit of the Scott County Fiscal Court for fiscal year ended June 30, 2008

We have issued unqualified opinions on the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Scott County, Kentucky.

Financial Condition:

The Fiscal Court had net assets of \$70,331,878 as of June 30, 2008. The Fiscal Court had unrestricted net assets of \$26,322,810 in its governmental activities as of June 30, 2008, with total net assets of \$70,314,349. In its business-type activities, total net cash and cash equivalents were \$17,529 with total net assets of \$17,529. The Fiscal Court had total debt principal as of June 30, 2008 of \$850,000 with \$415,000 due within the next year.

Deposits:

The fiscal court's deposits were exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$2,022,053 as of August 31, 2007
- Uncollateralized and Uninsured \$ 192,270 as of June 30, 2008

The fiscal court's deposits were covered by FDIC insurance and a properly executed collateral security agreement, but the bank did not adequately collateralize the fiscal court's deposits in accordance with the security agreement.

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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

To The People Of Kentucky
Honorable Steven L. Beshear, Governor
Jonathan Miller, Secretary
Finance And Administration Cabinet
Honorable George Lusby, Scott County Judge/Executive
Members Of The Scott County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Scott County, Kentucky, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Scott County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States Of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide For Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Scott County, Kentucky, prepares its financial statements in accordance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Scott County, Kentucky, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



To the People of Kentucky
Honorable Steven L. Beshear, Governor
Jonathan Miller, Secretary
Finance and Administration Cabinet
Honorable George Lusby, Scott County Judge/Executive
Members of the Scott County Fiscal Court

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Scott County, Kentucky's basic financial statements. The accompanying supplementary information, combining fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation of the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated September 17, 2009, on our consideration of Scott County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", written in a cursive style.

Crit Luallen
Auditor Of Public Accounts

September 17, 2009

SCOTT COUNTY OFFICIALS

For The Year Ended June 30, 2008

Fiscal Court Members:

George Lusby	County Judge/Executive
Patsy Rich	Magistrate
Gary Allen Perry	Magistrate
Stewart Hughes	Magistrate
Bobby Rankin	Magistrate
John T. Hoffman	Magistrate
Tom Prather	Magistrate
Chuck Tackett	Magistrate

Other Elected Officials:

Glenn Williams	County Attorney
Larry Covington	Jailer
Jackie Covington	County Clerk
Karen Boehm	Circuit Court Clerk
Bobby Hammons	Sheriff
Tim Jenkins	Property Valuation Administrator
John Goble	Coroner

Appointed Personnel:

Jane L. Lucas	County Treasurer
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Management's Discussion And Analysis

June 30, 2008

The financial management of Scott County, Kentucky offers readers of Scott County's financial statements this narrative overview and analysis of the financial activities of Scott County for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with other information that we have furnished in our letter of transmission and the notes to the financial statements.

Financial Highlights

General Fund

The fiscal year ending June 30, 2008 showed an increase of revenues over expenses in the amount of \$1,951,168. This was due to receipts being \$1,574,755 over the previous year's income. It should be noted, however, that even though the receipts for the 2008 year were more than 2007 they were still \$766,372 less than the preceding 2006 income. This trend must be carefully watched.

Several revenue sources were up significantly over the previous year and should continue. Property tax revenue increased by \$965,244 along with the sheriff's fees increased by \$278,328. This trend should continue at about the same pace for the coming decade or longer. County clerk fees, also, showed a marked increase of \$213,502 due to an increase in fee charges. It is expected for these fees to remain steady depending on the economic status in the next year. Payroll taxes were up also by \$463,142 but this trend will probably change as the cutback by Toyota in overtime for the coming year is expected to be down.

There were, also, several very significant decreases in some major revenue sources. The biggest concern involves the net profits source, which was down \$420,333. This is especially significant since this is a downward trend over the past 5 years and is the lowest amount collected since the year 2004. It should also be noted that Toyota has put us on notice their net profit payments to the county this coming year will be down by nearly \$2,000,000. A second important source of income is our earned interest. During the past year the county earned an average of 5.5% on CD's we are now getting about 3.1%. This translates into a loss of about \$500,000 in earned income. It should be pointed out also with the down turn in the housing market that income from building, electrical and deed fees will be down although it will be difficult to determine how much.

As we prepare for the 2009 fiscal year several issues must be addressed, among these is the rapid rise in fuel costs. This alone could cost the county an additional \$250,000. There are a couple of other large projects that are planned for the coming year including the building of a new road through the recently purchased Taylor property. The road is estimated to cost \$2,500,000. Included in the new budget also is the purchase of a new fire engine that will cost nearly \$500,000 and refurbishing two ambulances for \$150,000. There is also some speculation of purchasing more property which could exceed \$750,000 plus an additional \$2,000,000 to \$3,000,000 for improvements if this comes about. The expenditure for the improvements would be expended over several years in a phased improvement plan.

Financial Highlights (Continued)

General Fund (Continued)

Two other major capital projects are the completion of the park at great crossing and the reservoir. The park will begin with the completion of the connector road and then improvements phased in over a time period based on available funds. The reservoir project is waiting for approval from the corps of engineers. When and if that is received work will begin and depending on the cost will be bonded if the cost would put a strain on the regular operation of the county budget.

A final concern is the increase in the number of employees and the rapid rise in benefits especially the cost of health insurance. These costs have more than tripled in just the past 5 years and are forecast to continue in the years to come.

Scott County is in a very good financial position at this time having acquired no new debt in the past 18 years. The coming year, however, will be the biggest challenge to maintain our excellent financial status due to the rapid inflation rise, the soaring cost of fuel, the rising cost of personnel benefits, the escalating cost of the jail and the down turn in the economy. As we venture into this unknown state of the economy it will be wise to forego several projects of major cost until the economy stabilizes. It will be the job of the County Judge/Executive to keep the fiscal court up to date as the year progresses and it will be his responsibility to lead them through these difficult times. This of course, will require the continued working together of the entire fiscal court.

Overview of the Financial Statements

This management discussion and analysis is intended to serve as an introduction to Scott County's basic financial statements. Scott County's basic financial statements are comprised of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GASB 34 requires management to include certain comparison schedules when they are available. These schedules include prior and current comparisons of general revenues by major source, and program expenses by function.

Government-wide Financial Statements. The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of Scott County's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of Scott County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Scott County is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported on a modified cash basis of accounting. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and related assets and liabilities.

Overview Of The Financial Statements (Continued)

Government-Wide Financial Statements (Continued)

Under the County's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from a cash transaction, except for the recording of depreciation expenses on capital assets in the government-wide financial statements for all activities and in the fund financial statements for the proprietary fund financial statements.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as amounts billed for services provided, but not collected) and accounts payable (expenses for goods and services received but not paid) or compensated absences are not recorded.

Both of the government-wide financial statements distinguish functions of the county that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Scott County's governmental activities include general governmental, protection to persons and property, roads, recreation, and social services. The county has one business type activity - the operation of a jail canteen.

The government-wide financial statements include not only Scott County itself (known as the primary government), but also legally separate entities, which have a significant operational or financial relationship with the county. Scott County has one such entity, the public properties corporation. It is known as a blended component unit.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Scott County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Scott County can be divided into three broad categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Scott County Fiscal Court
Management Discussion and Analysis
June 30, 2008
(Continued)

Governmental Funds (Continued)

Scott County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the government fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, Jail Fund, and Public Properties Corporation Fund, all of which are considered major funds by the county. The Local Government Economic Assistance Fund, McCracken Fund, and Hospital Fund, are considered non-major funds and are represented in a combined form.

Scott County adopts an annual appropriated budget for its major governmental funds except for the public properties corporation fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with their budgets.

Proprietary funds. Proprietary funds provide the same type of information as the business-type activities column on the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Jail Canteen Fund.

Fiduciary Fund. Scott County has one fiduciary fund. The Jail Inmate Fund is used to account for monies held by the county for a custodial purpose only.

Notes To The Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis.

Net Assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

Table 1
Scott County's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
<u>Assets</u>						
Current And Other Assets	\$ 24,435,222	\$ 26,413,642	\$ 12,766	\$ 17,529	\$ 24,447,988	\$ 26,431,171
Capital Assets	43,062,047	44,750,707			43,062,047	44,750,707
Total Assets	67,497,269	71,164,349	12,766	17,529	66,071,476	67,510,035
<u>Liabilities</u>						
Current And Other Liabilities	395,000	415,000			395,000	415,000
Long-Term Liabilities	850,000	435,000			850,000	435,000
Total Liabilities	1,245,000	850,000			1,245,000	850,000
<u>Net Assets</u>						
Invested In Capital Assets, Net						
Of Related Debt	41,817,047	43,900,707			41,817,047	43,900,707
Restricted For:						
Nonexpendable	84,524	86,070			84,524	86,070
Expendable	2,631	4,762			2,631	4,762
Unrestricted	24,348,057	26,322,810	12,766	17,529	24,360,823	26,340,339
Total Net Assets	\$ 66,252,259	\$ 70,314,349	\$ 12,766	\$ 17,529	\$ 66,265,035	\$ 70,331,878

Scott County Fiscal Court
Management Discussion and Analysis
June 30, 2008
(Continued)

Government-Wide Financial Analysis (Continued)

Table 2
Comparison of Governmental Activities

	<u>Governmental Activities</u>		<u>% Change</u>
	2007	2008	
<u>Revenues</u>			
General Revenues-			
Taxes-			
Real Property Taxes	\$ 1,696,244	\$ 1,895,060	11.72%
Personal Property Taxes	38,273	76,164	99.00%
Motor Vehicle Taxes	438,043	458,458	4.66%
Occupational Tax/Net Profit Tax	17,300,016	16,632,983	-3.86%
Excess Fees	1,900,119	2,391,949	25.88%
Miscellaneous Revenues	2,621,549	3,358,000	28.09%
Accrued Interest Received	1,000,536	1,297,172	29.65%
Charges For Services	1,296,444	1,378,255	6.31%
Operating Grants And Contributions	2,160,132	2,429,117	12.45%
Total Revenues	<u>28,451,356</u>	<u>29,917,158</u>	5.15%
<u>Expenses</u>			
General Government	11,569,273	12,592,274	8.84%
Protection To Persons And Property	8,876,742	6,470,862	-27.10%
General Health And Sanitation	707,987	711,183	0.45%
Social Services	472,839	390,959	-17.32%
Recreation And Culture	2,699,302	1,334,500	-50.56%
Roads	2,194,696	2,416,422	10.10%
Interest On Long-Term Debt	106,387	473,975	345.52%
Capital Projects	1,708,967	1,476,899	-13.58%
Total Expenses	<u>\$ 28,336,193</u>	<u>\$ 25,867,074</u>	-8.71%

Changes In Net Assets.

Governmental Activities. Scott County's net assets increased by \$4,050,084 in fiscal year 2008.

- Current assets and cash increased \$1,978,420.
- Investment in capital assets, net of related debt increased \$1,688,660.
- Current and long-term liabilities decreased by \$395,000.
- Revenues were \$29,917,158 as reflected in the Statement of Activities.
- Expenditures totaled \$25,867,074 as reflected in the Statement Of Activities.

Business-Type Activities. Scott County's net assets increased by \$4,763 in fiscal year 2008. Key elements of this are as follows:

- Current assets and cash increased by \$4,763.

Financial Analysis Of The County's Funds.

As noted earlier, Scott County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Scott County Fiscal Court
 Management Discussion and Analysis
 June 30, 2008
 (Continued)

Financial Analysis Of The County's Funds (Continued)

Governmental Funds Overview. The focus of Scott County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the county's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the June 30, 2008 fiscal year, the combined ending fund balance of Scott County's governmental funds was \$26,413,642. Approximately 99% (\$26,322,810) of this consists of unreserved fund balance, which is available as working capital and for current spending in accordance with the purposes of the specific funds. The remainder of fund balance (\$90,832) is reserved to indicate that it is not available for new spending because it is committed.

The county has 7 governmental funds. These are 1) General Fund; 2) Road Fund; 3) Jail Fund; 4) Local Government Economic Assistance Fund; 5) Hospital Fund; 6) McCracken Trust Fund 7) Public Properties Corporation Fund.

1. The General Fund is the chief operating fund of Scott County. At the end of the June 30, 2008 fiscal year, the total fund balance of the General Fund of \$25,588,357 was unreserved. The county received \$11,493,414 in occupational tax revenues and \$5,139,569 in net profit tax revenues. This accounts for approximately 59% of the general fund revenue. \$1,971,224 was received from real and personal property taxes and accounts for approximately 7% of the county's general fund revenue.
2. The Road Fund is the fund related to county road and bridge construction and maintenance. The road fund collected \$913,727 during the past fiscal year and had a carryover of \$176,231 plus \$1,200,000 transferred in from the General Fund for a total operating amount of \$2,289,958. Expenses for the year were \$2,202,498 leaving a balance of \$87,460. The largest expense is for road maintenance plus salary and benefits each being over \$1,000,000.
3. The Jail Fund is used to account for the operation of the county's detention program. The Jail Fund received \$469,827 in revenue generated from its operations. There was \$2,050,000 transferred in from the General Fund plus a carryover of \$19,599 for total operating revenue of \$2,539,426. Total expenses for the year were \$2,470,656 leaving a balance of \$68,770.
4. The Local Government Economic Assistance Fund received \$199,697 and had a carryover of \$131,794 for a total operating balance of \$331,491. Expenses for the year totaled \$140,000 leaving a balance of \$191,491. Money from this fund is used to pay for road improvements.
5. The Hospital Fund revenue is generated from certificates of deposits from the sale of the old hospital. The principal of these CD's is \$378,000. The interest earned from these CD's is used for indigent care and pauper funerals. The fund received \$19,985 in interest and had a carryover of \$383,232 for a total amount of \$403,217. Expenses were \$17,000 leaving a balance of \$386,217.

Scott County Fiscal Court
Management Discussion and Analysis
June 30, 2008
(Continued)

Financial Analysis of the County's Funds. (Continued)

6. The McCracken Trust Fund is used to pay for care for the indigent. The money in this fund is generated from a trust fund and only the interest can be spent, with one-third of the money going back into the trust fund. This fund received \$4,607 in interest and had a carryover of \$87,165, for a total of \$91,773. Expenses totaled \$939, leaving a carryover balance of \$90,833.
7. The Public Properties Corporation Fund is used to pay the debt service payments for the series 1997 refunding issue. Transfers are made from the General Fund and the Jail Fund to the Public Properties Corporation Fund for the payments to then be made by the third party trustee. As of June 30, 2008 there was an outstanding principal balance of \$850,000 and outstanding interest of \$60,831 for a total of \$910,831. This bond is scheduled to be paid off in full on January 1, 2010.

Proprietary Funds Overview. The County's proprietary fund statements provide the same type of information found in the business-type activities column of the government-wide statements, in more detail.

Scott County has one enterprise fund, the Jail Canteen Fund. The Jail Canteen Fund had net assets of \$17,529 as of June 30, 2008 and a cash balance of \$17,529.

General Fund Budgetary Highlights.

Actual operating revenues were \$6,157,700 more than amount originally budgeted by fiscal court. This increase was primarily from intergovernmental sources and tax revenues.

Actual operating expenditures were \$8,510,901 less than amount originally budgeted by fiscal court.

Capital Assets and Debt Administration.

Capital Assets. Scott County's investment in capital assets for its government and business type activities as of June 30, 2008, amounts to \$44,750,707 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements to land other than buildings, machinery and equipment, vehicles and infrastructure. The county has elected to report infrastructure assets per GASB 34 provisions.

Scott County Fiscal Court
Management Discussion and Analysis
June 30, 2008
(Continued)

Capital Assets And Debt Administration (Continued)

Table 3
Scott County's Capital Assets, Net Of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Infrastructure Assets	\$ 13,279,913	\$ 12,708,895	\$	\$	\$13,279,913	\$ 12,708,895
Land	6,706,712	6,782,870			6,706,712	6,782,870
Buildings And Improvements	17,927,134	19,510,243			17,927,134	19,510,243
Other Equipment	2,308,834	2,310,117			2,308,834	2,310,117
Vehicles And Equipment	2,839,454	3,438,582			2,839,454	3,438,582
Total Net Capital Assets	<u>\$ 43,062,047</u>	<u>\$ 44,750,707</u>	<u>\$</u>	<u>\$</u>	<u>\$43,062,047</u>	<u>\$ 44,750,707</u>

Long-Term Debt. At the end of the 2008 fiscal year, Scott County had total long-term debt principal outstanding of \$850,000. The amount of this debt due within the next year is \$415,000 and \$435,000 is due in subsequent years. This debt is described in note 4 of this report.

Requests for information

This financial report is designed to provide a general overview of Scott County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this or requests for additional financial information should be addressed to the Scott County Treasurer, P.O. Box 973, Georgetown, KY 40324.

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SCOTT COUNTY
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

June 30, 2008

SCOTT COUNTY
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

June 30, 2008

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 26,413,642	\$ 17,529	\$ 26,431,171
Total Current Assets	<u>26,413,642</u>	<u>17,529</u>	<u>26,431,171</u>
Noncurrent Assets:			
Capital Assets - Net of			
Accumulated Depreciation			
Land and Land Improvements	6,782,870		6,782,870
Buildings	19,510,243		19,510,243
Other Equipment	2,310,117		2,310,117
Vehicles and Equipment	3,438,582		3,438,582
Infrastructure	12,708,895		12,708,895
Total Noncurrent Assets	<u>44,750,707</u>		<u>44,750,707</u>
Total Assets	<u>71,164,349</u>	<u>17,529</u>	<u>71,181,878</u>
LIABILITIES			
Current Liabilities:			
Revenue Bonds Payable	415,000		415,000
Total Current Liabilities	<u>415,000</u>		<u>415,000</u>
Noncurrent Liabilities:			
Revenue Bonds Payable	435,000		435,000
Total Noncurrent Liabilities	<u>435,000</u>		<u>435,000</u>
Total Liabilities	<u>850,000</u>		<u>850,000</u>
NET ASSETS			
Invested in Capital Assets,			
Net of Related Debt	43,900,707		43,900,707
Restricted For:			
Indigent Care-Nonexpendable	86,070		86,070
Indigent Care-Expendable	4,762		4,762
Unrestricted	26,322,810	17,529	26,340,339
Total Net Assets	<u>\$ 70,314,349</u>	<u>\$ 17,529</u>	<u>\$ 70,331,878</u>

The accompanying notes are an integral part of the financial statements.

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SCOTT COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For The Year Ended June 30, 2008

SCOTT COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2008

Functions/Programs Reporting Entity	Expenses	Program Revenues Received		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 12,592,262	\$ 365,532	\$ 119,559	\$
Protection to Persons and Property	6,470,862	885,453	1,221,007	
General Health and Sanitation	711,183	127,270		
Social Services	390,959			
Recreation and Culture	1,334,500			
Roads	2,416,422		1,088,551	
Interest on Long-Term Debt	473,987			
Capital Projects	1,476,899			
Total Governmental Activities	<u>25,867,074</u>	<u>1,378,255</u>	<u>2,429,117</u>	
Business-type Activities:				
Jail Canteen	32,189	36,307	645	
Total Business-type Activities	<u></u>	<u></u>	<u>645</u>	
Total Primary Government	<u>\$ 25,899,263</u>	<u>\$ 1,414,562</u>	<u>\$ 2,429,762</u>	<u>\$ 0</u>

General Revenues:

Taxes:

 Real Property Taxes

 Personal Property Taxes

 Motor Vehicle Taxes

 Occupational Tax/Net Profit Tax

Excess Fees

Miscellaneous Revenues

Accrued Interest Received

Total General Revenues

Change in Net Assets

Net Assets - Beginning (Restated)

Net Assets - Ending

The accompanying notes are an integral part of the financial statements.

SCOTT COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For The Year Ended June 30, 2008
(Continued)

Net (Expenses) Revenues and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
\$ (12,107,171)	\$	\$ (12,107,171)
(4,364,402)		(4,364,402)
(583,913)		(583,913)
(390,959)		(390,959)
(1,334,500)		(1,334,500)
(1,327,871)		(1,327,871)
(473,987)		(473,987)
(1,476,899)		(1,476,899)
█ (22,059,702)		(22,059,702)
	4,763	4,763
	4,763	4,763
(22,059,702)	4,763	(22,054,939)
1,895,060		1,895,060
76,164		76,164
458,458		458,458
16,632,983		16,632,983
2,391,949		2,391,949
3,358,000		3,358,000
1,297,172		1,297,172
26,109,786		█ 26,109,786
4,050,084	4,763	4,054,847
66,264,265	12,766	66,277,031
\$ 70,314,349	\$ 17,529	\$ 70,331,878

The accompanying notes are an integral part of the financial statements.

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SCOTT COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2008

SCOTT COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2008

	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>Public Properties Corporation Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ 25,588,357	\$ 87,460	\$ 68,770	\$ 514
Total Assets	<u>25,588,357</u>	<u>87,460</u>	<u>68,770</u>	<u>514</u>
FUND BALANCES				
Reserved for:				
Permanent Fund-Indigent Care				
Unreserved:				
General Fund	25,588,357			
Special Revenue Funds		87,460	68,770	
Debt Service Fund				514
Permanent Fund				
Total Fund Balances	<u>\$ 25,588,357</u>	<u>\$ 87,460</u>	<u>\$ 68,770</u>	<u>\$ 514</u>

The accompanying notes are an integral part of the financial statements.

SCOTT COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
June 30, 2008
(Continued)

Non- Major Funds	Total Governmental Funds
<u>\$ 668,541</u>	<u>\$ 26,413,642</u>
<u>668,541</u>	<u>26,413,642</u>
86,070	86,070
577,709	25,588,357 733,939
4,762	514 4,762
<u>\$ 668,541</u>	<u>\$ 26,413,642</u>

Reconciliation to Statement of Net Assets:

Total Fund Balances	\$ 26,413,642
Amounts Reported For Governmental Activities In The Statement Of Net Assets Are Different Because:	
Capital Assets Used in Governmental Activities Are Not Financial Resources And Therefore Are Not Reported in the Funds.	65,639,813
Accumulated Depreciation	(20,889,106)
Long-term debt is not due and payable in the current period and, therefore, is not reported in the funds.	
Bonds Payable	<u>(850,000)</u>
Net Assets Of Governmental Activities	<u>\$ 70,314,349</u>

The accompanying notes are an integral part of the financial statements.

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SCOTT COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2008

SCOTT COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2008

	General Fund	Road Fund	Jail Fund	Public Properties Corporation Fund
REVENUES				
Taxes	\$ 19,531,145	\$	\$	\$
Excess Fees	1,126,718			
Licenses and Permits	352,922			
Intergovernmental	2,536,784	891,068	415,306	
Charges for Services	642,495		35,999	
Miscellaneous	2,852,900	18,654	18,522	
Interest	1,265,836	4,005		527
Total Revenues	<u>28,308,800</u>	<u>913,727</u>	<u>469,827</u>	<u>527</u>
EXPENDITURES				
General Government	6,178,519			
Protection to Persons and Property	6,692,871		1,692,661	
General Health and Sanitation	685,270			
Social Services	373,020			
Recreation and Culture	1,325,044			
Roads		1,665,125		
Debt Service	424,512			444,475
Capital Projects	1,471,896	5,003		
Administration	5,532,133	532,370	757,912	
Total Expenditures	<u>22,683,265</u>	<u>2,202,498</u>	<u>2,450,573</u>	<u>444,475</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>5,625,535</u>	<u>(1,288,771)</u>	<u>(1,980,746)</u>	<u>(443,948)</u>
Other Financing Sources (Uses)				
Transfers From Other Funds		1,200,000	2,050,000	444,450
Transfers To Other Funds	(3,674,367)		(20,083)	
Total Other Financing Sources (Uses)	<u>(3,674,367)</u>	<u>1,200,000</u>	<u>2,029,917</u>	<u>444,450</u>
Net Change in Fund Balances	1,951,168	(88,771)	49,171	502
Fund Balances - Beginning	23,637,189	176,231	19,599	12
Fund Balances - Ending	<u>\$ 25,588,357</u>	<u>\$ 87,460</u>	<u>\$ 68,770</u>	<u>\$ 514</u>

The accompanying notes are an integral part of the financial statements.

SCOTT COUNTY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
For The Year Ended June 30, 2008
(Continued)

Non- Major Funds	Total Governmental Funds
\$	\$ 19,531,145
	1,126,718
	352,922
197,484	4,040,642
	678,494
	2,890,076
26,805	1,297,173
224,289	29,917,170
	6,178,519
	8,385,532
	685,270
17,939	390,959
	1,325,044
140,000	1,805,125
	868,987
	1,476,899
	6,822,415
157,939	27,938,750
66,350	1,978,420
	3,694,450
	(3,694,450)
66,350	1,978,420
602,191	24,435,222
\$ 668,541	\$ 26,413,642

The accompanying notes are an integral part of the financial statements.

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**SCOTT COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

For The Year Ended June 30, 2008

SCOTT COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds	\$ 1,978,420
--	--------------

Amounts Reported for Governmental Activities in the Statement of Activities Are Different Because Governmental Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities the Cost of those Assets is allocated Over their Estimated Useful Lives and Reported as Depreciation Expense.

Capital Outlay	3,938,726
Depreciation Expense	(2,126,746)
Disposed of, Net Book Value	(135,316)

Debt Proceeds Provide Current Financial Resources To Governmental Funds While Lease and Bond Principal Payments Are Expensed in the Governmental Funds as a Use of Current Financial Resources. These Transactions, However, Have No Effect On Net Assets.

Bond Principal Payments	395,000
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Change in Net Assets of Governmental Activities	\$ 4,050,084
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The accompanying notes are an integral part of the financial statements.

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SCOTT COUNTY
STATEMENT OF NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS

June 30, 2008

SCOTT COUNTY
STATEMENT OF NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS

June 30, 2008

	Business-Type Activities - Enterprise Fund Jail Canteen Fund
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 17,529
Total Assets	<u>17,529</u>
Net Assets	
Unrestricted	<u>17,529</u>
Total Net Assets	<u><u>\$ 17,529</u></u>

The accompanying notes are an integral part of the financial statements.

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SCOTT COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUND - MODIFIED CASH BASIS

For The Year Ended June 30, 2008

SCOTT COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUND - MODIFIED CASH BASIS

For The Year Ended June 30, 2008

	Business-Type Activities -
	Enterprise Fund
	Jail Canteen Fund
Operating Revenues	
Canteen Receipts	\$ 13,428
Miscellaneous	22,879
Total Operating Revenues	<u>36,307</u>
Operating Expenses	
Educational and Recreational	7,895
Personnel Costs	4,018
Miscellaneous	20,276
Total Operating Expenses	<u>32,189</u>
Operating Income (Loss)	<u>4,118</u>
Nonoperating Revenues (Expenses)	
Inmate Pay From State	<u>645</u>
Total Nonoperating Revenues (Expenses)	<u>645</u>
Change In Net Assets	4,763
Total Net Assets - Beginning	<u>12,766</u>
Total Net Assets - Ending	<u><u>\$ 17,529</u></u>

The accompanying notes are an integral part of the financial statements.

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SCOTT COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS

For The Year Ended June 30, 2008

SCOTT COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS

For The Year Ended June 30, 2008

	Business-Type Activities - Enterprise Fund Jail Canteen Fund
Cash Flows From Operating Activities	
Receipts From Customers	\$ 13,428
Miscellaneous Revenue	22,879
Educational and Recreational	(7,895)
Personnel Costs	(4,018)
Miscellaneous Expense	(20,276)
Net Cash Provided By Operating Activities	<u>4,118</u>
Cash Flows From Noncapital Financing Activities	
Inmate Pay From State	<u>645</u>
Net Cash Provided By Noncapital Financing Activities	<u>645</u>
Net Increase in Cash and Cash Equivalents	4,763
Cash and Cash Equivalents - July 1, 2007	<u>12,766</u>
Cash and Cash Equivalents - June 30, 2008	<u><u>\$ 17,529</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	<u>\$ 4,118</u>
Net Cash Provided By Operating Activities	<u><u>\$ 4,118</u></u>

The accompanying notes are an integral part of the financial statements.

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SCOTT COUNTY
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUND - MODIFIED CASH BASIS

June 30, 2008

SCOTT COUNTY
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUND - MODIFIED CASH BASIS

June 30, 2008

	<u>Agency Fund</u>
	Jail
	Inmate
	<u>Account</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	<u>\$ 12,700</u>
Total Assets	<u><u>12,700</u></u>
Liabilities	
Amounts Held In Custody For Others	<u>12,700</u>
Total Liabilities	<u><u>\$ 12,700</u></u>

The accompanying notes are an integral part of the financial statements.

**Index For Notes
To The Financial Statements**

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Scott County
Notes To Financial Statements

June 30, 2008

Note 1. Summary Of Significant Accounting Policies

A. Basis Of Presentation

The County presents its government-wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Notes receivable are recognized on the statement of net assets, but notes receivable are not included and recognized on balance sheet - governmental funds. Property tax receivables, accounts payable, compensated absences, and donated assets are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the statement of net assets and statement of activities; however encumbrances are reflected on the balance sheet - governmental funds as part of the fund balance (reserved for encumbrances).

The state local finance officer does not require the county to report capital assets and infrastructure; however the value of these assets is included in the statement of net assets and the corresponding depreciation expense is included on the statement of activities.

B. Reporting Entity

The financial statements of Scott County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or the organization's exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. All other component units are discretely presented. The county has no discretely presented component units.

Blended Component Units

The following legally separate organization provides its services exclusively to the primary government, and the fiscal court is able to impose its will on this organization. This organization's balances and transactions are reported as though they are part of the county's primary government using the blending method.

Scott County Public Properties Corporation

The Scott County Public Properties Corporation is established for the purpose of providing long-term financing for approved projects. The Scott County Fiscal Court is financially accountable for the component unit as part of the reporting entity and its financial activity is blended with that of the fiscal court.

SCOTT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 1. Summary Of Significant Accounting Policies (Continued)

C. Scott County Elected Officials

Kentucky law provides for election of the officials below from the geographic area constituting Scott County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statements of Scott County, Kentucky.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

D. Government-Wide And Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services. Fiduciary funds are not included in these financial statements due to the unavailability of fiduciary funds to aid in the support of government programs.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

SCOTT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 1. Summary Of Significant Accounting Policies (Continued)

D. Government-Wide And Fund Financial Statements (Continued)

Generally, and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) September 15, due at discount November 1, due at face value December 31, delinquent January 1 following the assessment, and subject to lien and sale February 1 following the delinquency date.

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) For all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

Governmental Funds

The primary government reports the following major governmental funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck licenses distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and expenditures separately from the general fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of revenue for this fund are reimbursements from the state and federal government, payments from other counties for housing prisoners, and transfers from the general fund. The Department for Local Government requires the fiscal court to maintain these receipts and expenditures separately from the general fund.

Public Properties Corporation Fund - This fund is for the accumulation of resources for, and the payment of general long-term debt principal and interest.

The primary government also has the following non-major governmental funds: Local Government Economic Assistance Fund, McCracken Trust Fund, and The Hospital Fund. The Local Government Economic Assistance Fund and The Hospital Fund are special revenue funds and the McCracken Trust Fund is a permanent fund. These funds are used to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

SCOTT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 1. Summary Of Significant Accounting Policies (Continued)

D. Government-Wide And Fund Financial Statements (Continued)

Proprietary Funds

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the county's enterprise funds are charges to customers for sales in the Jail Canteen Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. The government has elected not to adopt Financial Accounting Standards Board (FASB) statements or interpretations issued after November 30, 1989, unless the Government Accounting Standards Board (GASB) specifically adopts such FASB statements of interpretations.

The primary government reports the following major proprietary fund:

Jail Canteen Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the Jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the Jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail canteen fund.

Fiduciary Funds

Fiduciary funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. The county's agency fund is used to account for monies held by the county in the Jail Inmate Account for custodial purposes only. Unlike other funds, the agency fund reports assets and liabilities only; therefore, it has no measurement focus.

The primary government reports the following fiduciary fund:

Jail Inmate Account - This fund accounts for funds received from prisoners upon arrival at the detention center and remitted to the prisoners upon release.

E. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the united states and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

SCOTT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 1. Summary Of Significant Accounting Policies (Continued)

F. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and construction in progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 5,000	20-25
Buildings and Building Improvements	\$ 5,000	10-60
Machinery and Equipment	\$ 5,000	3-25
Vehicles	\$ 5,000	3-12
Infrastructure	\$ 5,000	20-40

G. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes and financing obligations are reported.

In the fund financial statements, governmental fund types recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

H. Fund Equity

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

SCOTT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 1. Summary Of Significant Accounting Policies (Continued)

I. Fund Equity (Continued)

The McCracken Trust Fund was established by the will of John C. McCracken in 1835. The will imposed that the fund be held in perpetuity and that one-third of the proceeds and profits be used to increase and augment the principal. The remaining two-thirds of the proceeds and profits were to be used at the fiscal court's discretion to alleviate the misfortunes and bettering the conditions of poor and indigent persons.

J. Budgetary Information

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the state local finance officer. Formal budgets are not adopted for the Public Properties Corporation Fund, the Jail Canteen Fund, and the Jail Canteen Inmate Agency Fund.

The State Local Finance Officer does not require the Public Properties Corporation Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific annual payments to these funds and these transfers are budgeted in the governmental funds.

The State Local Finance Officer does not require the Jail Canteen Fund and The Jail Canteen Inmate Agency Fund to be budgeted because the fiscal court does not approve the expenses made from these funds.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the Fiscal Court by July 1.

The Fiscal Court may change the original budget by transferring appropriations at the activity level; however, the Fiscal Court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

K. Related Organizations, Joint Venture, and Jointly Governed Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Scott County Fiscal Court: Georgetown-Scott County Tourism and the Scott County Public Library.

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based upon these criteria, the following is considered a joint venture of the Scott County Fiscal Court: Park and Recreation and Planning and Zoning.

SCOTT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 2. Deposits

The primary government maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) As required by KRS 66.480(1)(D). According to KRS 41.240(4), The depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the primary government's deposits may not be returned. The primary government does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). The primary government's bank balances were exposed to custodial credit risk because the bank did not adequately collateralize the primary government's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured \$2,022,053 as of August 31, 2007
- Uncollateralized and Uninsured \$ 192,270 as of June 30, 2008

SCOTT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government:				
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 6,706,712	\$ 76,158	\$	\$ 6,782,870
Total Capital Assets Not Being Depreciated	6,706,712	76,158		6,782,870
Capital Assets, Being Depreciated:				
Buildings	22,888,792	2,078,999	(153,400)	24,814,391
Other Equipment	4,316,179	259,739	(48,000)	4,527,918
Vehicles and Equipment	5,488,973	1,055,568	(202,516)	6,342,025
Infrastructure	22,704,347	468,262		23,172,609
Total Capital Assets Being Depreciated	55,398,291	3,862,568	(403,916)	58,856,943
Less Accumulated Depreciation For:				
Buildings	(4,953,658)	(398,600)	48,110	(5,304,148)
Other Equipment	(2,003,349)	(257,352)	42,900	(2,217,801)
Vehicles and Equipment	(2,649,519)	(431,514)	177,590	(2,903,443)
Infrastructure	(9,424,434)	(1,039,280)		(10,463,714)
Total Accumulated Depreciation	(19,030,960)	(2,126,746)	268,600	(20,889,106)
Total Capital Assets, Being Depreciated, Net	36,367,331	1,735,822	(135,316)	37,967,837
Governmental Activities Capital Assets, Net	<u>\$ 43,074,043</u>	<u>\$ 1,811,980</u>	<u>\$ (135,316)</u>	<u>\$ 44,750,707</u>

Depreciation Expense Was Charged To Functions Of The Primary Government As Follows:

Governmental Activities:

General Government	\$ 175,589
Protection to Persons and Property	689,107
General Health and Sanitation	25,913
Recreation and Culture	68,832
Roads, Including Depreciation of General Infrastructure Assets	<u>1,167,305</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,126,746</u>

SCOTT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 4. Long-Term Debt - Public Properties Corporation

In September 1997, the Scott County Public Properties Corporation Fund issued \$3,415,000 of revenue refunding bonds, series 1997. The bonds were issued for advance refunding of the outstanding 1990 bonds maturing on and after January 1, 2002 to 2010. Interest is payable semi-annually on January 1 and July 1 of each year, and principal payments are due on January 1 of each year in the amounts stated below. The total principal outstanding was \$850,000 as of June 30, 2008.

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2009	\$ 415,000	\$ 40,168
2010	435,000	20,663
Totals	<u>\$ 850,000</u>	<u>\$ 60,831</u>

Long-term liability activity for the year ended June 30, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
<u>Governmental Activities:</u>					
Revenue Bonds	<u>\$ 1,245,000</u>	<u>\$</u>	<u>\$ 395,000</u>	<u>\$ 850,000</u>	<u>\$ 415,000</u>
Governmental Activities					
Long-term Liabilities	<u>\$ 1,245,000</u>	<u>\$ 0</u>	<u>\$ 395,000</u>	<u>\$ 850,000</u>	<u>\$ 415,000</u>

SCOTT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 5. Employee Retirement System

The Fiscal Court elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Non-hazardous covered employees are required to contribute 5 percent of their salary to the plan. The County's contribution rate for non-hazardous employees was 16.17 percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The County's contribution rate for hazardous employees was 33.87 percent. The County's required contribution rate to CERS for FYE June 30, 2006, 2007, and 2008 were \$1,216,485, \$1,893,237, and \$2,336,422 respectively. These payments represent 100% of the required contributions for each fiscal year.

Benefits fully vest on reaching five years of service for non-hazardous employees. Aspects of benefits for non-hazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Ky. 40601-6124, or by telephone at (502) 564-4646.

Note 6. Deferred Compensation

The Scott County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permits all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's Annual Financial Report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

Note 7. Insurance

For the fiscal year ended June 30, 2008, Scott County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

SCOTT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 8. Estimated Infrastructure Historical Cost

Historical cost of infrastructure placed in service prior to the fiscal year ended June 30, 2003 (Year of GASB 34 implementation) is an estimate. For those assets, the primary government estimated the year infrastructure was built by determining when a major reconstruction had been done on infrastructure. This estimate was used to calculate the infrastructure historical cost by determining current year construction cost and deflating it back to the estimated year of construction or reconstruction. Estimated infrastructure historical cost includes infrastructure placed in service from fiscal year 1984 through June 30, 2002. All infrastructure assets placed in service during the fiscal year ended June 30, 2003 and thereafter are recorded at actual historical cost.

Note 9. Prior Period Adjustments - Governmental Activities

The fiscal year ended June 30, 2007 net assets were restated due to capital asset adjustments as follows:

Ending Balance Fiscal Year Ended June 30, 2007	\$ 66,252,269
Adjustments are as follows:	
Buildings, net	8,000
Other Equipment, net	<u>3,996</u>
Restated Balance June 30, 2007	<u><u>\$ 66,264,265</u></u>

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SCOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
REQUIRED SUPPLEMENTARY INFORMATION - MODIFIED CASH BASIS

For The Year Ended June 30, 2008

SCOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
REQUIRED SUPPLEMENTARY INFORMATION - MODIFIED CASH BASIS

For The Year Ended June 30, 2008

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 16,509,000	\$ 16,509,000	\$ 19,531,145	\$ 3,022,145
Excess Fees	800,000	800,000	1,126,718	326,718
Licenses and Permits	359,000	359,000	352,922	(6,078)
Intergovernmental Revenue	1,544,000	1,544,000	2,536,784	992,784
Charges for Services	475,000	475,000	642,495	167,495
Miscellaneous	1,739,100	1,739,100	2,852,900	1,113,800
Interest	725,000	725,000	1,265,836	540,836
Total Revenues	22,151,100	22,151,100	28,308,800	6,157,700
EXPENDITURES				
General Government	7,072,440	7,304,482	6,178,519	1,125,963
Protection to Persons and Property	7,903,956	8,179,135	6,692,871	1,486,264
General Health and Sanitation	814,104	814,104	685,270	128,834
Social Services	472,470	480,395	373,020	107,375
Recreation and Culture	2,535,696	2,535,698	1,325,044	1,210,654
Debt Service	426,000	426,000	424,512	1,488
Capital Projects	3,600,000	3,600,000	1,471,896	2,128,104
Administration	8,369,500	7,854,352	5,532,133	2,322,219
Total Expenditures	31,194,166	31,194,166	22,683,265	8,510,901
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(9,043,066)	(9,043,066)	5,625,535	14,668,601
OTHER FINANCING SOURCES (USES)				
Transfers To Other Funds	(6,259,160)	(6,259,160)	(3,674,367)	2,584,793
Total Other Financing Sources (Uses)	(6,259,160)	(6,259,160)	(3,674,367)	2,584,793
Net Changes in Fund Balance	(15,302,226)	(15,302,226)	1,951,168	17,253,394
Fund Balance - Beginning	15,302,226	15,302,226	23,637,189	8,334,963
Fund Balance - Ending	\$ 0	\$ 0	\$ 25,588,357	\$ 25,588,357

SCOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
REQUIRED SUPPLEMENTARY INFORMATION - MODIFIED CASH BASIS
For The Year Ended June 30, 2008
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ 956,000	\$ 956,000	\$ 891,068	\$ (64,932)
Miscellaneous	16,200	16,200	18,654	2,454
Interest	2,500	2,500	4,005	1,505
Total Revenues	974,700	974,700	913,727	(60,973)
EXPENDITURES				
Roads	3,755,000	3,730,000	1,665,125	2,064,875
Capital Projects	150,000	150,000	5,003	144,997
Administration	844,000	869,000	532,370	336,630
Total Expenditures	4,749,000	4,749,000	2,202,498	2,546,502
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(3,774,300)	(3,774,300)	(1,288,771)	2,485,529
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	3,774,300	3,774,300	1,200,000	(2,574,300)
Total Other Financing Sources (Uses)	3,774,300	3,774,300	1,200,000	(2,574,300)
Net Changes in Fund Balance			(88,771)	(88,771)
Fund Balance - Beginning			176,231	176,231
Fund Balance - Ending	\$ 0	\$ 0	\$ 87,460	\$ 87,460

SCOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
REQUIRED SUPPLEMENTARY INFORMATION - MODIFIED CASH BASIS
For The Year Ended June 30, 2008
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ 240,000	\$ 240,000	\$ 415,306	\$ 175,306
Charges for Services	22,000	22,000	35,999	13,999
Miscellaneous	17,100	17,100	18,522	1,422
Total Revenues	279,100	279,100	469,827	190,727
EXPENDITURES				
Protection to Persons and Property	1,873,460	1,868,460	1,692,661	175,799
Debt Service	30,000	30,000		30,000
Administration	860,500	865,500	757,912	107,588
Total Expenditures	2,763,960	2,763,960	2,450,573	313,387
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(2,484,860)	(2,484,860)	(1,980,746)	504,114
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	2,484,860	2,484,860	2,050,000	(434,860)
Transfers To Other Funds			(20,083)	(20,083)
Total Other Financing Sources (Uses)	2,484,860	2,484,860	2,029,917	(454,943)
Net Changes in Fund Balance			49,171	49,171
Fund Balance - Beginning			19,599	81,203
Fund Balance - Ending	\$ 0	\$ 0	\$ 68,770	\$ 130,374

Scott County
Notes To Required Supplementary Information

June 30, 2008

Budgetary Information

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the Fiscal Court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the Fiscal Court by July 1.

The Fiscal Court may change the original budget by transferring appropriations at the activity level; however, the Fiscal Court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

**SCOTT COUNTY
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
OTHER SUPPLEMENTARY INFORMATION**

June 30, 2008

SCOTT COUNTY
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
OTHER SUPPLEMENTARY INFORMATION

June 30, 2008

	LGEA Fund	McCracken Trust Fund	Hospital Fund	Total Non-Major Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 191,492	\$ 90,832	\$ 386,217	\$ 668,541
Total Assets	<u>191,492</u>	<u>90,832</u>	<u>386,217</u>	<u>668,541</u>
FUND BALANCES				
Reserved For:				
Permanent Fund-Indigent Care		86,070		86,070
Unreserved:				
Permanent Fund		4,762		4,762
Special Revenue Funds	<u>191,492</u>		<u>386,217</u>	<u>577,709</u>
Total Fund Balances	<u>\$ 191,492</u>	<u>\$ 90,832</u>	<u>\$ 386,217</u>	<u>\$ 668,541</u>

The accompanying notes are an integral part of the financial statements.

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SCOTT COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
OTHER SUPPLEMENTARY INFORMATION

For The Year Ended June 30, 2008

SCOTT COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
OTHER SUPPLEMENTARY INFORMATION

For The Year Ended June 30, 2008

	LGEA Fund	McCracken Trust Fund	Hospital Fund	Total Non-Major Governmental Funds
REVENUES				
Miscellaneous	\$ 197,484	\$	\$	\$ 197,484
Interest	2,213	4,607	19,985	26,805
Total Revenues	<u>199,697</u>	<u>4,607</u>	<u>19,985</u>	<u>224,289</u>
EXPENDITURES				
Social Services		939	17,000	17,939
Roads	140,000			140,000
Total Expenditures	<u>140,000</u>	<u>939</u>	<u>17,000</u>	<u>157,939</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>59,697</u>	<u>3,668</u>	<u>2,985</u>	<u>66,350</u>
Net Change in Fund Balances	59,697	3,668	2,985	66,350
Fund Balances - Beginning	131,794	87,165	383,232	602,191
Fund Balances - Ending	<u>\$ 191,491</u>	<u>\$ 90,833</u>	<u>\$ 386,217</u>	<u>\$ 668,541</u>

The accompanying notes are an integral part of the financial statements.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable George Lusby, Scott County Judge/Executive
Members of the Scott County Fiscal Court

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of Financial Statements
Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Scott County, Kentucky, as of and for the year ended June 30, 2008, which collectively comprise the county's basic financial statements and have issued our report thereon dated September 17, 2009. Scott County prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Scott County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Scott County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Scott County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the modified cash basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.



Report On Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Scott County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management and the Department for Local Government and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a stylized, flowing script.

Crit Luallen
Auditor Of Public Accounts

September 17, 2009

**CERTIFICATE OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

SCOTT COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2008**

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
SCOTT COUNTY FISCAL COURT
For The Fiscal Year Ended June 30, 2008

The Scott County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.


George Lusby
County Judge/Executive


Jane L. Lucas
County Treasurer

